

**COLLINS-MAXWELL  
COMMUNITY SCHOOL DISTRICT**

INDEPENDENT AUDITOR'S REPORTS  
BASIC FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION  
SCHEDULE OF FINDINGS

JUNE 30, 2007

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COLLINS-MAXWELL COMMUNITY SCHOOL DISTRICT

Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
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Board of Education

(Before September, 2006 Election)

Bob Pritchard	President	2008
Lowell Crouse	Vice President	2006
Cindy Patterson		2006
Tony Sorenson		2007
Mark Huntrods		2007

(After September, 2006 Election)

Bob Pritchard	President	2008
Lowell Crouse	Vice President	2009
Jeff Lindemoen		2009
Tony Sorenson		2007
Mark Huntrods		2007

School Officials

Doug Miller	Superintendent
Bonnie Mitchell	District Secretary/ Treasurer

# BRUCE D. FRINK

## Certified Public Accountant

### Independent Auditor's Report

To the Board of Education of  
Collins-Maxwell Community School District:

#### Member:

- American Institute of Certified Public Accountants
- Iowa Society of Certified Public Accountants

#### Services:

- Individual & Corporate Tax Preparation, Partnerships, Estate & Trust
- Year Round Tax Planning
- Electronic Filing
- Payroll & Sales Tax Preparation
- I.R.S. Representation
- Monthly/Quarterly Write-Up
- Data Processing Services
- Payroll Preparation
- Computerized Financial Statements
- Business/Personal Financial Planning
- Bank Loan Assistance
- Section 105 Medical Plan Administration

#### Plus:

- Over 30 years of Expertise and Experience
- Evenings & Saturdays Available by Appointment
- Extended Hours During Tax Season

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Collins-Maxwell Community School District, Maxwell, Iowa, as of and for the year ended June 30, 2007, which collectively comprise the District's basic financial statements listed in the table of contents. These financial statements are the responsibility of District officials. Our responsibility is to express opinions on these financial statements based on our audit.

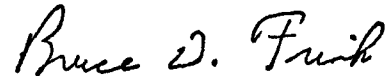
We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business type activities, each major fund and the aggregate remaining fund information of Collins-Maxwell Community School District as of June 30, 2007, and the respective changes in financial position and cash flows, where applicable, for the year then ended in conformity with U.S. generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued our report dated March 18, 2008 on our consideration of Collins-Maxwell Community School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Management's Discussion and Analysis and budgetary comparison information on pages 4 through 13 and 33 through 34 are not required parts of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. We did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Collins-Maxwell Community School District's basic financial statements. We previously audited in accordance with the standards referred to in the second paragraph of this report, the financial statements for the three years ended June 30, 2006 (none of which are presented herein) and expressed unqualified opinions on those financial statements. Other supplementary information included in Schedules 1 through 5, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

A handwritten signature in cursive script that reads "Bruce D. Frink".

**BRUCE D. FRINK**  
**Certified Public Accountant**

March 18, 2008

## **COLLINS-MAXWELL COMMUNITY SCHOOL DISTRICT**

### **MANAGEMENT'S DISCUSSION AND ANALYSIS**

Collins-Maxwell Community School District provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2007. We encourage readers to consider this information in conjunction with the District's financial statements, which follow.

#### **2007 FINANCIAL HIGHLIGHTS**

- General Fund revenues increased from \$4,135,259 in fiscal year 2006 to \$4,220,578 in fiscal year 2007, while General Fund expenditures increased from \$3,958,829 in fiscal year 2006 to \$4,194,949 in fiscal year 2007.
- The increase in General Fund revenues was attributable to increases in local and state tax revenues. The increase in expenditures was due primarily to an increase in salary and benefits. The General Fund balance increased approximately 2% due primarily to funding increases.
- The local option sales tax has allowed the District to avoid levying property taxes for debt payments. The district's PPEL (Physical Plant and Equipment Levy) will continue to provide additional funding for the next ten years. These supports, along with careful management, should assist the Collins-Maxwell School in remaining on solid financial footing for the foreseeable future.

#### **USING THIS ANNUAL REPORT**

The annual report consists of a series of financial statements and other information, as follows:

Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the District's financial activities.

The Government-wide Financial Statements consist of a Statement of Net Assets and a Statement of Activities. These provide information about the activities of Collins-Maxwell Community School District as a whole and present an overall view of the District's finances.

The Fund Financial Statements tell how governmental services were financed in the short term as well as what remains for future spending. Fund financial statements report Collins-Maxwell Community School District operations in more detail than the government-wide statements by providing information about the most significant funds. The remaining statements provide financial information about activities for which Collins-Maxwell Community School District acts solely as an agent or custodian for the benefit of those outside of the District.

Notes to financial statements provide additional information essential to a full understanding of the data provided in the basic financial statements.

Required Supplementary Information further explains and supports the financial statements with a comparison of the District's budget for the year.

Other Supplementary Information provides detailed information about the non-major governmental funds. In addition, the Schedule of Expenditures of Federal Awards provides details of various programs benefiting the District.

Figure A-1 shows how the various parts of this annual report are arranged and relate to one another.

**Figure A-1**

***Collins-Maxwell Community School District Annual Financial Report***

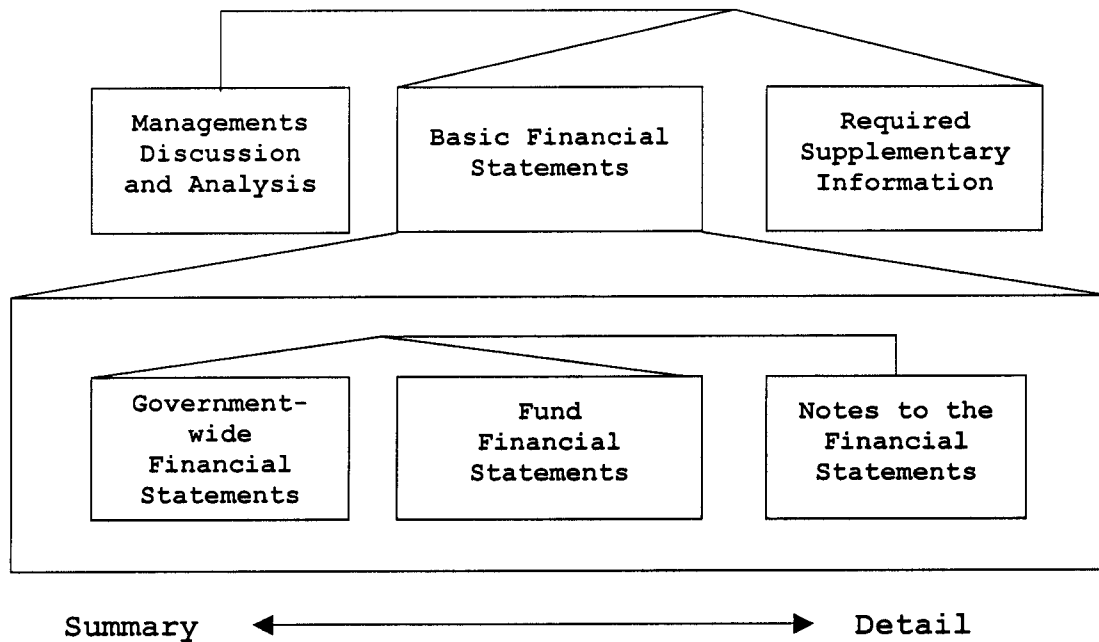


Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain.

<b>Figure A-2</b> <b>Major Features of the Government-wide and Fund Financial Statements</b>				
	Government-wide Statements	Fund Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire District (except fiduciary funds)	The activities of the District that are not proprietary or fiduciary, such as special education and building maintenance	Activities the District operates similar to private businesses; food services and adult education	Instances in which the district administers resources on behalf of someone else, such as scholarship programs
Required financial statements	<ul style="list-style-type: none"> <li>• Statement of net assets</li> <li>• Statement of activities</li> </ul>	<ul style="list-style-type: none"> <li>• Balance sheet</li> <li>• Statement of revenues, expenditures, and changes in fund balances</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of net assets</li> <li>• Statement of revenues, expenses and changes in fund net assets</li> <li>• Statement of cash flows</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of fiduciary net assets</li> <li>• Statement of changes in fiduciary net assets</li> </ul>
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Generally, assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both financial and capital, short-term and long-term	All assets and liabilities, both short-term and long-term; funds do not currently contain capital assets, although they can
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid	All additions and deductions during the year, regardless of when cash is received or paid



## REPORTING THE DISTRICT'S FINANCIAL ACTIVITIES

### *Government-wide Financial Statements*

The government-wide financial statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Assets includes all of the District's assets and liabilities. All of the current year's revenues and expenses are accounted for in the Statement of Activities, regardless of when cash is received or paid.

The two government-wide financial statements report the District's net assets and how they have changed. Net assets - the difference between the District's assets and liabilities - are one way to measure the District's financial health or financial position. Over time, increases or decreases in the District's net assets are an indicator of whether financial position is improving or deteriorating. To assess the District's overall health, additional non-financial factors, such as changes in the District's property tax base and the condition of school buildings and other facilities, need to be considered.

In the government-wide financial statements, the District's activities are divided into two categories:

- *Governmental activities:* Most of the District's basic services are included here, such as regular and special education, transportation and administration. Property tax and state aid finance most of these activities.
- *Business type activities:* The District charges fees to help cover the costs of certain services it provides. The District's school nutrition program is included here.

### *Fund Financial Statements*

The fund financial statements provide more detailed information about the District's funds, focusing on its most significant or "major" funds - not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs.

Some funds are required by state law and by bond covenants. The District establishes other funds to control and manage money for particular purposes, such as accounting for student activity funds, or to show that it is properly using certain revenues, such as federal grants.

The District has three kinds of funds:

- 1) *Governmental funds:* Most of the District's basic services are included in governmental funds, which generally focus on (1) how much cash and other financial assets can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed short-term view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs.

The District's governmental funds include the General Fund, the Special Revenue Funds, the Debt Service Fund and the Capital Projects Fund.

The required financial statements for governmental funds include a balance sheet and a statement of revenues, expenditures and changes in fund balances.

- 2) *Proprietary funds:* Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the government-wide financial statements. The District's Enterprise Funds, one type of proprietary fund, are the same as its business type activities but provide more detail and additional information, such as cash flows. The District currently has one Enterprise Fund, the School Nutrition Fund.

The required financial statements for proprietary funds include a Statement of Net Assets, a statement of revenues, expenses, changes in net assets and a Statement of cash flows.

3) *Fiduciary funds*: The District is the trustee, or fiduciary, for assets that belong to others. These funds include Private-Purpose Trust Funds.

- Private-Purpose Trust Fund - The District accounts for outside donations for scholarships for individual students in this fund.

The District is responsible for ensuring the assets reported in the fiduciary funds are used only for their intended purposes and by those to whom the assets belong. The District excludes these activities from the government-wide financial statements because it cannot use these assets to finance its operations.

The required financial statements for fiduciary funds includes a statement of fiduciary net assets and a statement of changes in fiduciary net assets.

Reconciliations between the government-wide financial statements and the fund financial statements follow the fund financial statements.

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

Figure A-3 below provides a summary of the District's net assets for the year ended June 30, 2007 compared to June 30, 2006.

**Figure A-3**  
**Condensed Statement of Net Assets**  
**(Expressed in Thousands)**

	Governmental Activities		Business type Activities		Total District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2007	2006	2007	2006	2007	2006	2006-07
	\$	\$	\$	\$	\$	\$	
Current assets	3,777	3,492	48	51	3,825	3,543	7.96%
Capital assets	3,800	4,131	6	8	3,806	4,139	-8.05%
<b>Total assets</b>	<u>7,577</u>	<u>7,623</u>	<u>54</u>	<u>59</u>	<u>7,631</u>	<u>7,682</u>	<u>-0.66%</u>
Current liabilities	1,472	1,406	2	3	1,474	1,409	4.61%
Non-current liabilities	2,230	2,435	-	-	2,230	2,435	-8.42%
<b>Total liabilities</b>	<u>3,702</u>	<u>3,841</u>	<u>2</u>	<u>3</u>	<u>3,704</u>	<u>3,844</u>	<u>-3.64%</u>
<b>Net Assets</b>							
Invested in capital assets, net of related debt	1,620	1,696	6	8	1,626	1,704	-4.58%
Restricted	748	560	-	-	748	560	33.57%
Unrestricted	1,507	1,526	46	48	1,553	1,574	-1.33%
<b>Total net assets</b>	<u>3,875</u>	<u>3,782</u>	<u>52</u>	<u>56</u>	<u>3,927</u>	<u>3,838</u>	<u>2.32%</u>

The District's combined net assets were larger at June 30, 2007 than June 30, 2006. The increase occurred as a result of increases in the General and Capital Projects Funds.

Figure A-4 shows the changes in net assets for the year ended June 30, 2007 compared to the year ended June 30, 2006.

**Figure A-4**  
**Change in Net Assets**  
**(Expressed in Thousands)**

Governmental		Business type		Total		Total
Activities		Activities		District		Change
2007	2006	2007	2006	2007	2006	2006-07
\$	\$	\$	\$	\$	\$	
Revenues:						
Program revenues:						
140	218	96	89	236	307	-23.13%
766	680	66	66	832	746	11.53%
General revenues:						
1,379	1,286	-	-	1,379	1,286	7.23%
62	57	-	-	62	57	8.77%
533	481	-	-	533	481	10.81%
2,104	2,140	-	-	2,104	2,140	-1.68%
32	39	-	-	32	39	-17.95%
72	47	-	-	72	47	53.19%
<u>5,088</u>	<u>4,948</u>	<u>162</u>	<u>155</u>	<u>5,250</u>	<u>5,103</u>	<u>2.88%</u>
Program expenses:						
Governmental activities:						
3,070	2,794	-	-	3,070	2,794	9.88%
1,230	1,205	-	-	1,230	1,205	2.07%
-	-	166	161	166	161	3.11%
695	490	-	-	695	490	41.84%
<u>4,995</u>	<u>4,489</u>	<u>166</u>	<u>161</u>	<u>5,161</u>	<u>4,650</u>	<u>10.99%</u>
93	459	(4)	(6)	89	453	-80.35%

Property tax and unrestricted state grants account for 67% of the total revenue. The District's expenses primarily relate to instruction and support services which account for 84% of the total expenses.

## Governmental Activities

Revenues for governmental activities were \$5,087,449 and expenses were \$4,994,394.

The following table presents the total and net cost of the District's major governmental activities: instruction, support services and other expenses.

**Figure A-5**  
**Total and Net Cost of Governmental Activities**  
**(Expressed in Thousands)**

	Total Cost of Services			Net Cost of Services		
	2007	2006	Change 2006-07	2007	2006	Change 2006-07
	\$	\$		\$	\$	
Instruction	3,070	2,794	9.88%	2,366	2,097	12.83%
Support Services	1,230	1,205	2.07%	1,221	1,193	2.35%
Other expenses	<u>695</u>	<u>490</u>	<u>41.84%</u>	<u>501</u>	<u>302</u>	<u>65.89%</u>
Totals	<u>4,995</u>	<u>4,489</u>	<u>11.27%</u>	<u>4,088</u>	<u>3,592</u>	<u>13.81%</u>

- The cost financed by users of the District's programs was \$140,358.
- Federal and state governments subsidized certain programs with grants and contributions totaling \$426,100.
- The net cost of governmental activities was financed with \$1,378,790 in property tax, \$2,103,699 in state foundation aid and \$32,288 in interest income.

## Business-Type Activities

Revenues of the District's business-type activities were \$162,058 and expenses were \$165,899. The District's business-type activities include the School Nutrition Fund. Revenues of these activities were comprised of charges for service, federal and state reimbursements and investment income.

## FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

As previously noted Collins-Maxwell Community School District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The financial performance of the District as a whole is reflected in its governmental funds, as well. As the District completed the year, its governmental funds reported a combined fund balance of \$3,875,252, a three percent increase over last year's ending fund balances of \$3,782,197. The majority of the increase resulted from the increases in General and Capital Projects Fund balances.

## Governmental Fund Highlights

- Great support from the music booster, the athletic boosters and Partners in Education provided outstanding supplementary support for our students. PIE funded an expansion to the elementary playground. The music boosters assisted in organizing and preparing for the HOIC Conference Fine Arts program in March, which unfortunately was cancelled due to weather, as well as assisted in supporting the bi-annual music department trip to St. Louis. The athletic boosters funded numerous purchases throughout the year.
- The district was successful in maintaining Adequate Yearly Progress academically to remain off the "No Child Left" Behind watch list.
- New K-12 science curriculum was purchased for approximately \$40,000.

- The after-school and summer school programs were extended for another year.
- New concession stand/restroom/announcers stand is in the final stages of construction at baseball field in Collins. Special thanks go to Ron Gander and Mark Ketchum for their work and labor in spearheading the project.
- We received permission to enclose and secure the existing pavilion at the baseball field in Collins for school use.
- A new convection oven was purchased and installed in the kitchen in Maxwell.
- Defibrillator recertification training for 16 staff members was provided.
- CPR training was offered for all teachers.
- Forty-three windows were replaced and eighteen were enclosed in the high school. In the elementary building, four were replaced three were enclosed on the stage.
- Landscaping was done at the elementary building with a retaining wall/flower bed built on the west side of the building.
- A new expansion tank was required for the heating system in Collins.
- The piping system for the heating system was reinsulated to aid in energy efficiency in the Maxwell boiler room.
- A new gator was purchased with the help of the athletic booster club.
- A new lawnmower was purchased.
- A new bass drum was purchased for the instrumental music department.
- Bleacher repairs were made and backboard safety straps were installed in the main gym.
- A wrestling mat was purchased with assistance from the booster club.
- A dairy products machine was purchased with the assistance of grant money from the FFA and has been very popular with the students. Funds from the machine go toward school betterment projects and special needs of the students and district.
- New backboards were purchased for the gym in Collins and the old Collins backboards will be moved to the small gym in Maxwell.
- Exterior Insulation and Finish System (EIFS) repair work was begun on the Maxwell gym and Collins building by Dennis Anderson.
- Warranty work on Maxwell Commons roof was completed by the original builders, Andrew's Roofing of Carroll.
- A new master clock and air conditioner compressor were installed in the secondary office for \$2,350 (SimplexGrinell) and \$2,177 (Lester Refrigeration), respectively.
- The urinal in the high school restroom was replaced by Gaedke Plumbing for \$2,000.
- A 2006 Grand Caravan was purchased for special education use from Harrington Motors at a price of \$15,100.
- A new Sharp copier/printer was purchased for the elementary building from Premier Office Equipment for \$10,764.

## Proprietary Fund Highlights

The School Nutrition Fund balance decreased as expenses rose while revenues remained constant.

## BUDGETARY HIGHLIGHTS

In accordance with the Code of Iowa, the Board of Education annually adopts a budget following required public notice and hearing for all funds. Although the budget document presents functional area expenditures or expenses by fund, the legal level of control is at the aggregated functional level, not at the fund or fund type level. The budget may be amended during the year utilizing similar statutorily prescribed procedures. The District's budget is prepared on the GAAP basis of accounting. A schedule showing the original and final budget amounts compared to the District's actual financial activity is included in the required supplementary information section of this report. Since the District does not adopt a budget for individual funds, budgets for the General Fund and major Special Revenue Funds are not presented in the budgetary comparison on pages 33 and 34.

### Legal Budgetary Highlights

The District's receipts were \$245,029 less than budgeted receipts, a variance of 4%. The most significant variance resulted from the District receiving less state source revenues than anticipated.

Total expenditures were less than budgeted, due primarily to the District's budget for the General Fund. It is the District's practice to budget expenditures at the maximum authorized spending authority for the General Fund. The District then manages or controls General Fund spending through its line-item budget. As a result, the District's certified budget should always exceed actual expenditures for the year.

## CAPITAL ASSETS AND DEBT ADMINISTRATION

### Capital Assets

At June 30, 2007, the District had invested \$3.8 million, net of accumulated depreciation, in a broad range of capital assets, including land, buildings, athletic facilities, computers, audio-visual equipment and transportation equipment. (See Figure A-6) This represents a net decrease of 8% from last year. More detailed information about the District's capital assets is presented in Note 3 to the financial statements. Depreciation expense for the year was \$360,572.

The original cost of the District's capital assets was \$7,857,280. Governmental funds account for \$7,838,747, with the remainder of \$18,533 accounted for in the Proprietary, School Nutrition Fund.

Figure A-6  
Condensed Statement of Net Assets  
(Expressed in Thousands)

	Governmental Activities		Business type Activities		Total District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2007	2006	2007	2006	2007	2006	2006-07
	\$	\$	\$	\$	\$	\$	
Land	226	226	-	-	226	226	0.00%
Site improvements	73	86	-	-	73	86	-15.12%
Buildings	3,404	3,513	-	-	3,404	3,513	-3.10%
Furniture and equipment	97	306	6	8	104	133	-21.80%
Totals	<u>3,800</u>	<u>4,131</u>	<u>6</u>	<u>8</u>	<u>3,807</u>	<u>3,958</u>	<u>-3.82%</u>

## Long-Term Debt

At June 30, 2007, the District had \$2,180,000 in general obligation bonds outstanding. This represents a decrease of approximately 10% from last year (See Figure A-7). Additional information about the District's long-term liabilities is presented in Note 7 to the financial statements.

Figure A-7  
Outstanding Long-Term Obligations  
(Expressed in Thousands)

Total		Total
District		Change
June 30,		June 30,
2007	2006	2006-07
\$	\$	
General obligation bonds	2,180	2,435 -10.47%

## FACTORS BEARING ON THE DISTRICT'S FUTURE

At the time these financial statements were prepared and audited, the District was aware of existing circumstances that could significantly affect its financial health in the future:

- Enrollment is down this year. Projections are for enrollment to decline next year and then become steady or increase slightly. A loss of more than 30 students over the two-year period is projected.
- Unfunded mandates by "No Child Left Behind" have forced reallocation of funds and reallocation of personnel. This has impacted all facets of the educational system.
- Interest rates have increased slightly causing interest revenues to be minimally increased.
- Several new homes are being constructed in the school district that should either directly or indirectly generate affordable housing for families with school-age children.
- Open enrollment in has decreased and open enrollment out has increased slightly - both are not positive indicators.
- The Instructional Support Levy was authorized by the board for an additional five years. Informational meetings on the use of the funds were held and a special newsletter providing pertinent information was provided to hopefully thwart an attempt to present a reverse referendum petition to force withdrawal of the levy. No petition was presented within the 28-day timeline.
- Health insurance remains a major expense for the district. Rate increases through the current carrier were projected to increase by 18% for the 2007-08 school year. A change in carriers and higher deductibles were implemented to help control insurance costs. A reduction of over 15% in premiums was realized.
- A roof repair inspection was done by EMC. Results from the inspection estimate needed repairs as follows: \$24,750 in 2007, \$134,100 in 2008, \$4,100 in 2009, \$14,025 in 2010 and \$4,100 in 2011.

## CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Bonnie Mitchell, Business Manager, Collins-Maxwell Community School District, 400 Metcalf St, Maxwell, IA 50161.

## Basic Financial Statements



## COLLINS-MAXWELL COMMUNITY SCHOOL DISTRICT

## Statement of Net Assets

June 30, 2007

	Governmental Activities	Business Type Activities	Total
	\$	\$	\$
<b>Assets</b>			
Cash and pooled investments	2,185,322	32,317	2,217,639
Receivables:			
Property tax:			
Current year	23,172	-	23,172
Succeeding year	1,445,105	-	1,445,105
Income surtax - succeeding year	49,433	-	49,433
Due from other governments	43,004	9,916	52,920
Other receivables	30,590	-	30,590
Inventories	-	5,964	5,964
Capital assets, net of accumulated depreciation	3,800,265	6,116	3,806,381
<b>Total assets</b>	<b>7,576,891</b>	<b>54,313</b>	<b>7,631,204</b>
<b>Liabilities</b>			
Accounts payable	14,367	-	14,367
Accrued payroll and benefits	6,521	-	6,521
Unearned revenues	-	2,589	2,589
Accrued interest payable	6,096	-	6,096
Deferred revenue - succeeding year property tax	1,445,105	-	1,445,105
Long-term liabilities:			
Portion due within one year:			
General obligation bonds payable	260,000	-	260,000
Early retirement	49,550	-	49,550
Portion due after one year:			
General obligation bonds payable	1,920,000	-	1,920,000
<b>Total liabilities</b>	<b>3,701,639</b>	<b>2,589</b>	<b>3,704,228</b>
<b>Net assets</b>			
Invested in capital assets, net of related debt	1,620,265	6,116	1,626,381
Restricted for:			
Management levy	101,022	-	101,022
Student activities	54,061	-	54,061
Physical plant and equipment levy	3,021	-	3,021
Debt service	19,525	-	19,525
Capital projects	570,127	-	570,127
Unrestricted	1,507,231	45,608	1,552,839
<b>Total net assets</b>	<b>3,875,252</b>	<b>51,724</b>	<b>3,926,976</b>

See notes to financial statements.

## COLLINS-MAXWELL COMMUNITY SCHOOL DISTRICT

## Statement of Activities

Year ended June 30, 2007

	Program Revenues		Net (Expenses) Revenue and Changes in Net Assets	
	Operating Grants, Contributions and Restricted Interest			
	Charges for Service		Governmental Activities	Business Type Activities
Expenses				Total
\$	\$	\$	\$	\$
3,069,695	140,180	563,905	(2,365,610)	(2,365,610)
79,943	-	-	(79,943)	-
154,064	-	-	(154,064)	-
497,618	-	-	(497,618)	-
318,243	-	8,219	(310,024)	-
180,023	178	-	(179,845)	-
1,229,891	178	8,219	(1,221,494)	-
162,388	-	162,388	-	-
80,163	-	19,366	(60,797)	-
127,890	-	12,485	(115,405)	-
324,367	-	-	(324,367)	-
694,808	-	194,239	(500,569)	-
4,994,394	140,358	766,363	(4,087,673)	-
Total governmental activities				(4,087,673)

**Functions/Programs**

## Governmental activities:

## Instruction:

## Support services:

Student services  
Instructional staff services  
Administration services  
Operation and maintenance of plant services  
Transportation services

## Other expenditures:

AEA flowthrough  
Long-term liabilities interest  
Facilities acquisition and construction  
Depreciation (unallocated)\*

COLLINS-MAXWELL COMMUNITY SCHOOL DISTRICT

Statement of Activities

Year ended June 30, 2007

	Program Revenues		Net (Expenses) Revenue and Changes in Net Assets	
	Operating Grants, Contributions Charges for and Restricted Interest		Governmental Activities Business Type Activities	
Expenses	\$	\$	\$	Total
Business type activities:				
Non-instructional programs:				
Nutrition services	165,899	95,547	-	(3,841)
Total	5,160,293	235,905	(4,087,673)	(4,091,514)
<b>General revenues:</b>				
Property tax levied for:				
General purposes			1,210,821	-
Capital outlay			103,154	-
Management			64,815	-
Income surtax			61,617	-
School Infrastructure Local Option Sales Tax			532,816	-
Unrestricted state grants			2,103,699	-
Unrestricted investment earnings			32,288	-
Other			71,518	-
Total general revenue			4,180,728	4,180,728
Change in net assets			93,055	(3,841)
Net assets beginning of year			3,782,197	55,565
Net assets end of year			3,875,252	51,724
				3,926,976

\* This amount excludes the depreciation that is included in the direct expenses of the various programs.

See notes to financial statements.

## COLLINS-MAXWELL COMMUNITY SCHOOL DISTRICT

Balance Sheet  
Governmental Funds

June 30, 2007

	General	Debt Service	Capital Projects	Nonmajor Special Revenue	Total
	\$	\$	\$	\$	\$
<b>Assets</b>					
Cash and pooled investments	1,485,896	19,525	529,097	150,804	2,185,322
Receivables:					
Property tax:					
Current year	20,296	-	-	2,876	23,172
Succeeding year	1,280,617	-	-	164,488	1,445,105
Income surtax - succeeding year	49,433	-	-	-	49,433
Due from other governments	1,974	-	41,030	-	43,004
Other receivables	26,166	-	-	4,424	30,590
<b>Total assets</b>	<u>2,864,382</u>	<u>19,525</u>	<u>570,127</u>	<u>322,592</u>	<u>3,776,626</u>
<b>Liabilities and Fund Balances</b>					
Liabilities:					
Accounts payable	14,367	-	-	-	14,367
Accrued payroll and benefits	6,521	-	-	-	6,521
Deferred revenue:					
Succeeding year property tax	1,280,617	-	-	164,488	1,445,105
Succeeding year income surtax	49,433	-	-	-	49,433
Total liabilities	<u>1,350,938</u>	<u>-</u>	<u>-</u>	<u>164,488</u>	<u>1,515,426</u>
Fund balances:					
Reserved for debt service	-	19,525	-	-	19,525
Unreserved	1,513,444	-	570,127	158,104	2,241,675
Total fund balances	<u>1,513,444</u>	<u>19,525</u>	<u>570,127</u>	<u>158,104</u>	<u>2,261,200</u>
<b>Total liabilities and fund balances</b>	<u>2,864,382</u>	<u>19,525</u>	<u>570,127</u>	<u>322,592</u>	<u>3,776,626</u>

See notes to financial statements.

## COLLINS-MAXWELL COMMUNITY SCHOOL DISTRICT

Reconciliation of the Balance Sheet - Governmental Funds  
to the Statement of Net Assets

June 30, 2007

<b>Total fund balances of governmental funds (Exhibit C)</b>	\$ 2,261,200
<b>Amounts reported for governmental activities in the Statement of Net Assets are different because:</b>	
Income surtax receivable at June 30, 2007 is not recognized as income until received in the governmental funds, however it is shown as a receivable in the Statement of Net Assets.	49,433
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds.	3,800,265
Accrued interest payable on long-term liabilities is not due and payable in the current period and, therefore, is not reported as a liability in the governmental funds.	(6,096)
Long-term liabilities, including bonds payable and early retirement payments are not due and payable in the current period and, therefore, are not reported as liabilities in governmental funds	<u>(2,229,550)</u>
<b>Net assets of governmental activities (Exhibit A)</b>	<u>\$ 3,875,252</u>

See notes to financial statements.

## COLLINS-MAXWELL COMMUNITY SCHOOL DISTRICT

Statement of Revenues, Expenditures and Changes in Fund Balances  
Governmental Fund Types

Year ended June 30, 2007

	General	Debt Service	Capital Projects	Nonmajor Special Revenue	Total
	\$	\$	\$	\$	\$
Revenues:					
Local sources:					
Local tax	1,267,680	-	532,816	167,969	1,968,465
Tuition	126,671	-	-	-	126,671
Other	134,180	19,366	12,485	129,337	295,368
State sources	2,581,220	-	-	140	2,581,360
Federal sources	110,827	-	-	-	110,827
Total revenues	<u>4,220,578</u>	<u>19,366</u>	<u>545,301</u>	<u>297,446</u>	<u>5,082,691</u>
Expenditures:					
Current:					
Instruction:					
Regular Instruction	<u>2,894,441</u>	<u>-</u>	<u>-</u>	<u>150,320</u>	<u>3,044,761</u>
Support services:					
Student services	79,943	-	-	-	79,943
Instructional staff services	154,064	-	-	-	154,064
Administration services	473,002	-	-	-	473,002
Operation and maintenance of plant services	295,081	-	-	23,162	318,243
Transportation services	136,030	-	-	24,433	160,463
	<u>1,138,120</u>	<u>-</u>	<u>-</u>	<u>47,595</u>	<u>1,185,715</u>
Other expenditures:					
AEA flowthrough	162,388	-	-	-	162,388
Long-term liabilities:					
Principal	-	255,000	-	-	255,000
Interest	-	80,800	-	-	80,800
Facilities acquisition and construction	<u>-</u>	<u>-</u>	<u>-</u>	<u>141,004</u>	<u>141,004</u>
	<u>162,388</u>	<u>335,800</u>	<u>-</u>	<u>141,004</u>	<u>639,192</u>
Total expenditures	<u>4,194,949</u>	<u>335,800</u>	<u>-</u>	<u>338,919</u>	<u>4,869,668</u>
Excess (deficiency) of revenues over (under) expenditures	<u>25,629</u>	<u>(316,434)</u>	<u>545,301</u>	<u>(41,473)</u>	<u>213,023</u>
Other financing sources(uses):					
Transfer from Capital Projects Fund	-	335,800	-	30,000	365,800
Transfer to Debt Service Fund	<u>-</u>	<u>-</u>	<u>(365,800)</u>	<u>-</u>	<u>(365,800)</u>
	<u>-</u>	<u>335,800</u>	<u>(365,800)</u>	<u>30,000</u>	<u>-</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	25,629	19,366	179,501	(11,473)	213,023
Fund balances beginning of year	<u>1,487,815</u>	<u>159</u>	<u>390,626</u>	<u>169,577</u>	<u>2,048,177</u>
Fund balances end of year	<u>1,513,444</u>	<u>19,525</u>	<u>570,127</u>	<u>158,104</u>	<u>2,261,200</u>

See notes to financial statements.

## COLLINS-MAXWELL COMMUNITY SCHOOL DISTRICT

Reconciliation of the Statement of Revenues, Expenditures and  
Changes in Fund Balances - Governmental Funds  
to the Statement of Activities

Year ended June 30, 2007

**Net change in fund balances - total governmental funds (Exhibit E)** \$ 213,023

**Amounts reported for governmental activities in the Statement of Activities  
are different because:**

Income surtaxes not collected for several months after the District's fiscal year ends are not considered "available" revenues in the governmental funds and are included as deferred revenues. They are, however, recorded as revenues in the statement of activities 4,758

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, those costs are reported in the Statement of Net Assets and are allocated over their estimated useful lives as depreciation expense in the Statement of Activities. Capital activity for the year is as follows:

Acquisition of capital assets	28,214	
Depreciation expense	<u>(359,027)</u>	(330,813)

Repayment of long-term liabilities is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets.

General obligation bonds	255,000
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Early retirement expenses reported in the Statement of Activities do not require the use current financial resources and, therefore, are not reported as expenditures in the governmental funds.

Additions	(49,550)
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Interest on long-term liabilities in the Statement of Activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when due. In the Statement of Activities, interest expense is recognized as the interest accrues, regardless of when it is due.

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<b>Change in net assets of governmental activities (Exhibit B)</b>	<b><u>\$ 93,055</u></b>
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## COLLINS-MAXWELL COMMUNITY SCHOOL DISTRICT

Statement of Revenues, Expenses and Changes in Fund Net Assets  
Proprietary Fund

Year ended June 30, 2007

	School Nutrition
	<u>\$</u>
Operating revenue:	
Local sources:	
Charges for services	<u>95,547</u>
Operating expenses:	
Non-instructional programs:	
Food service operations:	
Salaries	63,353
Benefits	8,405
Supplies	92,596
Depreciation	<u>1,545</u>
Total operating expenses	<u>165,899</u>
Operating (loss)	<u>(70,352)</u>
Non-operating revenues:	
State sources	2,415
Federal sources	63,135
Interest income	<u>961</u>
	<u>66,511</u>
Changes in net assets	(3,841)
Net assets beginning of year	<u>55,565</u>
Net assets end of year	<u><u>51,724</u></u>

See notes to financial statements.



## COLLINS-MAXWELL COMMUNITY SCHOOL DISTRICT

Statement of Cash Flows  
Proprietary Fund

Year ended June 30, 2007

	School Nutrition
	\$
Cash flows from operating activities:	
Cash received from sale of lunches and breakfasts	95,170
Cash payments to employees for services	(71,758)
Cash payments to suppliers for goods or services	(78,685)
Net cash (used in) operating activities	<u>(55,273)</u>
Cash flows from non-capital financing activities:	
State grants received	2,415
Federal grants received	43,374
Net cash provided by non-capital financing activities	<u>45,789</u>
Cash flows from investing activities:	
Interest on investments	<u>961</u>
Net (decrease) in cash and cash equivalents	(8,523)
Cash and cash equivalents beginning of year	<u>40,840</u>
Cash and cash equivalents end of year	<u><u>32,317</u></u>
<b>Reconciliation of operating income (loss) to net cash used by operating activities:</b>	
Operating (loss)	(70,352)
Adjustments to reconcile operating profit (loss) to net cash provided by (used in) operating activities:	
Depreciation	1,545
Commodities used	9,845
Decrease in inventory	4,066
(Decrease) in unearned revenue	(377)
	<u>(55,273)</u>
<b>Reconciliation of cash and cash equivalents at year end to specific assets included on Combined Balance Sheet:</b>	
Current assets:	
Cash	<u><u>32,317</u></u>
<b>Non-cash investing, capital and financing activities:</b>	

During the year ended June 30, 2007, the District received federal commodities valued at \$9,845.

See notes to financial statements.

## COLLINS-MAXWELL COMMUNITY SCHOOL DISTRICT

Statement of Fiduciary Net Assets  
Fiduciary Funds

Year ended June 30, 2007

	Private Purpose Trusts
	<u>Scholarships</u>
	\$
<b>Assets</b>	
Cash	178,872
Land	<u>587,500</u>
<b>Total assets</b>	<u>766,372</u>
<b>Net Assets</b>	
Reserved for scholarships	<u>766,372</u>
<b>Total net assets</b>	<u><u>766,372</u></u>

See notes to financial statements.

## COLLINS-MAXWELL COMMUNITY SCHOOL DISTRICT

Statement of Changes in Fiduciary Net Assets  
Fiduciary Funds

Year ended June 30, 2007

	Private Purpose Trusts
	<u>Scholarships</u>
	\$
Additions:	
Local sources:	
Rent	47,295
Interest on investments	<u>1,143</u>
Total additions	<u>48,438</u>
Deductions:	
Support services:	
Property maintenance costs	5,554
Scholarships	<u>23,805</u>
Total deductions	<u>29,359</u>
Change in net assets	19,079
Net assets beginning of year (as restated, see Note 9)	<u>747,293</u>
Net assets end of year	<u><u>766,372</u></u>

See notes to financial statements.

# COLLINS-MAXWELL COMMUNITY SCHOOL DISTRICT

## Notes to Financial Statements

June 30, 2007

### (1) Summary of Significant Accounting Policies

Collins-Maxwell Community School District is a political subdivision of the State of Iowa and operates public schools for children in grades kindergarten through twelve. The geographic area served includes the Cities of Collins and Maxwell, Iowa, and agricultural area in Jasper, Marshall, Polk and Story Counties. The District is governed by a Board of Education whose members are elected on a non-partisan basis.

The District's financial statements are prepared in conformity with U.S. generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board.

#### A. Reporting Entity

For financial reporting purposes, Collins-Maxwell Community School District has included all funds, organizations, agencies, boards, commissions and authorities. The District has also considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the District are such that exclusion would cause the District's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body, and (1) the ability of the District to impose its will on that organization or (2) the potential for the organization to provide specific benefits to or impose specific financial burdens on the District. Collins-Maxwell Community School District has no component units which meet the Governmental Accounting Standards Board criteria.

Jointly Governed Organizations - The District participates in a jointly governed organization that provides services to the District but does not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. The District is a member of the Story County Assessor's Conference Board.

#### B. Basis of Presentation

Government-wide Financial Statements - The Statement of Net Assets and the Statement of Activities report information on all of the nonfiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by tax and intergovernmental revenues, are reported separately from business type activities, which rely to a significant extent on fees and charges for service.

The Statement of Net Assets presents the District's nonfiduciary assets and liabilities, with the difference reported as net assets. Net assets are reported in three categories:

*Invested in capital assets, net of related debt* consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, notes and other debt that are attributable to the acquisition, construction or improvement of those assets.

*Restricted net assets* result when constraints placed on net asset use are either externally imposed or imposed by law through constitutional provisions or enabling legislation.

*Unrestricted net assets* consist of net assets not meeting the definition of the two preceding categories. Unrestricted net assets often have constraints on resources that are imposed by management which can be removed or modified.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants, contributions and interest that are restricted to meeting the operational or capital requirements of a particular function. Property tax and other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements - Separate financial statements are provided for governmental, proprietary and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as other nonmajor governmental funds.

The District reports the following major governmental funds:

The General Fund is the general operating fund of the District. All general tax revenues and other receipts that are not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating expenditures, including instructional, support and other costs.

The Debt Service Fund is used to account for the payment of interest and principal on the District's long-term debt.

The Capital Projects Fund is used to account for funds raised by the one-cent School Infrastructure Local Option Sales Tax. These funds are being used for debt retirement and infrastructure expenses.

The District reports the following major proprietary fund:

The District's proprietary fund is the Enterprise, School Nutrition Fund. This fund is used to account for the food service operations of the District.

The District also reports fiduciary funds which focus on net assets and changes in net assets. The District's fiduciary funds include the following:

The Private Purpose Trust Funds are used to account for assets held by the District under trust agreements which require income earned to be used for scholarship payments.

#### C. Measurement Focus and Basis of Accounting

The government-wide and the proprietary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property tax is recognized as revenue in the year for which it is levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been satisfied.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days after year-end.

Property tax, intergovernmental revenues (shared revenues, grants and reimbursements from other governments) and interest associated with the current fiscal period are all considered to be susceptible to accrual. All other revenue items are considered to be measurable and available only when cash is received by the District.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, principal and interest on long-term debt, claims and judgments and compensated absences are recognized as expenditures only when payment is due. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financial sources.

Under terms of grant agreements, the District funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net assets available to finance the program. It is the District's policy to first apply cost-reimbursement grant resources to such programs and then general revenues.

The proprietary fund of the District applies all applicable GASB pronouncements, as well as the following pronouncements issued on or before November 30, 1989, unless these pronouncements conflict with or contradict GASB pronouncements: Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the Committee on Accounting Procedure.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District's Enterprise Fund is charges to customers for sales and services. Operating expenses for Enterprise Funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The District maintains its financial records on the cash basis. The financial statements of the District are prepared by making memorandum adjusting entries to the cash basis financial records.

#### D. Assets, Liabilities and Fund Equity

The following accounting policies are followed in preparing the financial statements:

Cash, Pooled Investments and Cash Equivalents - The cash balances of most District funds are pooled and invested. Investments are stated at fair value except for non-negotiable certificates of deposit which are stated at cost.

For purposes of the statement of cash flows, all short-term cash investments that are highly liquid are considered to be cash equivalents. Cash equivalents are readily convertible to known amounts of cash and, at the day of purchase, they have a maturity date no longer than three months.

Property Tax Receivable - Property tax in governmental funds are accounted for using the modified accrual basis of accounting.

Property tax receivable is recognized in these funds on the levy or lien date, which is the date that the tax asking is certified by the Board of Education. Delinquent property tax receivable represents unpaid taxes for the current and prior years. The succeeding year property tax receivable represents taxes certified by the Board of Education to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the District is required to certify its budget in April of each year for the subsequent fiscal year. However, by statute, the tax asking the budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related revenue is deferred in both the government-wide and fund financial statements and will not be recognized as revenue until the year for which it is levied.

Property tax revenue recognized in these funds become due and collectible in September and March of the fiscal year with a 1½% per month penalty for delinquent payments; is based on January 1, 2005 assessed property valuations; is for the tax accrual period July 1, 2006 through June 30, 2007 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April 2006.

Due from Other Governments - Due from other governments represents amounts due from the State of Iowa, various shared revenues, grants and reimbursements from other governments.

Inventories - Inventories are valued at cost using the first-in, first-out method for purchased items and government commodities. Inventories of proprietary funds are recorded as expenses when consumed rather than when purchased or received.

Capital Assets - Capital assets, which include property, furniture and equipment, are reported in the applicable governmental or business type activities columns in the government-wide Statement of Net Assets. Capital assets are recorded at historical cost. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repair that do not add to the value of the asset or materially extend asset lives are not capitalized. Capital assets are defined by the District as assets with an initial, individual cost in excess of the following thresholds and estimated useful lives in excess of two years.

<u>Asset Class</u>	<u>Amount</u>
Land	\$ 1,000
Buildings	10,000
Improvements other than buildings	10,000
Furniture and equipment:	
School Nutrition Fund equipment	10,000
Other furniture and equipment	10,000

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Lives (In Years)</u>
Buildings	50 years
Improvements other than buildings	20-50 years
Furniture and equipment	5-15 years

Deferred Revenue - Although certain revenues are measurable, they are not available. Available means collectible within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue in the governmental fund financial statements represent the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue consists of unspent grant proceeds as well as property tax receivables and other receivables not collected within sixty days after year end.

Deferred revenue on the Statement of Net Assets consists of succeeding year property tax receivable that will not be recognized as revenue until the year for which it is levied.

Compensated Absences - District employees accumulated a limited amount of earned but unused vacation for subsequent use or for payment upon termination, death or retirement. A liability is recorded when incurred in the government-wide financial statements. A liability for these amounts is reported in governmental fund financial statements only for employees that have resigned or retired. The compensated absences liability is deemed to be immaterial at June 30, 2007.

Long-term liabilities - In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities column in the Statement of Net Assets.

Fund Equity - In the governmental fund financial statements, reservations of fund balance are reported for amounts that are not available for appropriation or legally restricted by outside parties for use for a specific purpose.

Restricted Net Assets - In the government-wide Statement of Net Assets, net assets are reported as restricted when constraints placed on net asset use are either externally imposed by creditors, grantors, contributors or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation.

E. Budgeting and Budgetary Control

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2007, expenditures did not exceed the amounts budgeted in any of the four functions.

(2) **Cash and Pooled Investments**

The District's deposits in banks at June 30, 2007 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

The District is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the Board of Education; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

The District had no investments at June 30, 2007.



### (3) Capital Assets

Capital assets activity for the year ended June 30, 2007 is as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
	\$	\$	\$	\$
<b>Governmental activities:</b>				
Capital assets not being depreciated:				
Land	226,464	-	-	226,464
Capital assets being depreciated:				
Site Improvements	255,127	-	-	255,127
Buildings	5,460,698	-	-	5,460,698
Furniture and Equipment	1,868,244	28,214	-	1,896,458
Total capital assets being depreciated	7,584,069	28,214	-	7,612,283
Less accumulated depreciation for:				
Site Improvements	169,007	12,756	-	181,763
Buildings	1,947,923	109,214	-	2,057,137
Furniture and Equipment	1,562,525	237,057	-	1,799,582
Total accumulated depreciation	3,679,455	359,027	-	4,038,482
Total capital assets being depreciated, net	3,904,614	(330,813)	-	3,573,801
Governmental activities, capital assets, net	4,131,078	(330,813)	-	3,800,265
<b>Business type activities:</b>				
Furniture and equipment	18,533	-	-	18,533
Less accumulated depreciation	10,872	1,545	-	12,417
Business type activities capital assets, net	7,661	(1,545)	-	6,116
Depreciation expense was charged to the following functions:				
Governmental activities:				
Support services:				
Transportation				34,660
Unallocated				324,367
Total depreciation expenses - governmental activities				359,027
Business Type activities:				
Food service operations				1,545

### (4) Pension and Retirement Benefits

The District contributes to the Iowa Public Employees Retirement System (IPERS) which is a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits which are established by state statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, PO Box 9117, Des Moines, Iowa, 50306-9117.

Plan members are required to contribute 3.70% of their annual salary and the District is required to contribute 5.75% of annual payroll, for the years ended June 30, 2007, 2006 and 2005. Contribution requirements are established by State statute. The District's contribution to IPERS for the years ended June 30, 2007, 2006, and 2005 were \$148,391, \$144,739, and \$141,366 respectively, equal to the required contributions for each year.

(5) **Risk Management**

Collins-Maxwell Community School District is exposed to various risks of loss related to torts; theft; damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by the purchase of commercial insurance. The District assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

(6) **Area Education Agency**

The District is required by the Code of Iowa to budget for its share of special education support, media and educational services provided through the area education agency. The District's actual amount for this purpose totaled \$162,388 for year ended June 30, 2007 and is recorded in the General Fund by making a memorandum adjusting entry to the cash basis financial statements.

(7) **Long-Term Liabilities**

Changes in long-term liabilities for the year ended June 30, 2007 are summarized as follows:

	<u>General Obligation Bonds</u>
Balance beginning of year	\$2,435,000
Additions	-
Reductions	<u>255,000</u>
Balance end of year	<u>\$2,180,000</u>

General Obligation Bonds Payable

Details of the District's June 30, 2007 general obligation bonded indebtedness are as follows:

<u>Year Ending June 30,</u>	<u>Interest Rate %</u>	<u>Principal \$</u>	<u>Interest \$</u>	<u>Total \$</u>
2008	3.00	260,000	73,150	333,150
2009	3.25	275,000	65,350	340,350
2010	3.25	280,000	56,413	336,413
2011	3.40	285,000	47,312	332,312
2012	3.40	295,000	37,623	332,623
2013	3.40	300,000	27,592	327,592
2014	3.55	310,000	17,393	327,393
2015	3.65	<u>175,000</u>	<u>6,387</u>	<u>181,387</u>
Total		<u>\$2,180,000</u>	<u>331,220</u>	<u>2,511,220</u>

(8) **Interfund Transfers**

The detail of Interfund transfers for the year ended June 30, 2007 is as follows:

<u>Transfer to</u>	<u>Transfer from</u>	<u>Amount</u>
Physical Plant and Equipment Levy	Capital Projects	\$ 30,000
Debt Service	Capital Projects	<u>\$335,800</u>
		<u>\$365,800</u>

Transfers generally move revenues from the fund statutorily required to collect the resources to the fund statutorily required to expend the resources.

(9) Restatement of Beginning Balances

The following Private Purpose Trust Funds were determined to be included in the financial statements of the District. The balances as of July 1, 2006 are also shown. Exhibit J and Schedule 4 show the beginning balances as restated.

	<u>Cash</u> \$	<u>Land</u> \$	<u>Total</u> \$
Atwood Trust	15,000	-	15,000
Robison Educational Opportunity Fund	<u>144,793</u>	<u>587,500</u>	<u>732,293</u>
	<u>159,793</u>	<u>587,500</u>	<u>747,293</u>

## Required Supplementary Information

**COLLINS-MAXWELL COMMUNITY SCHOOL DISTRICT**

Budgetary Comparison Schedule of Revenues, Expenditures and Changes in Balances -  
Budget and Actual - All Governmental Funds and Proprietary Fund

Required Supplementary Information

Year ended June 30, 2007

	Governmental Fund Types	Proprietary Fund Type	Total	Budgeted Amounts	Final to Actual Variance
	Actual	Actual	Actual	Original	
	\$	\$	\$	\$	\$
<b>Revenues:</b>					
Local sources	2,390,504	96,508	2,487,012	2,540,283	(53,271)
State sources	2,581,360	2,415	2,583,775	2,782,495	(198,720)
Federal sources	110,827	63,135	173,962	167,000	6,962
Total revenues	5,082,691	162,058	5,244,749	5,489,778	(245,029)
<b>Expenditures:</b>					
Instruction	3,044,761	-	3,044,761	4,078,543	1,033,782
Support services	1,185,715	-	1,185,715	2,099,000	913,285
Non-instructional programs	-	165,899	165,899	220,000	54,101
Other expenditures	639,192	-	639,192	1,134,070	494,878
Total expenditures	4,869,668	165,899	5,035,567	7,531,613	2,496,046
Excess (deficiency) of revenues over (under) expenditures	213,023	(3,841)	209,182	(2,041,835)	2,251,017
Other financing sources (uses)	-	-	-	13,000	(13,000)
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	213,023	(3,841)	209,182	(2,028,835)	2,238,017
Balance beginning of year	2,048,177	55,565	2,103,742	2,184,026	(80,284)
Balance end of year	2,261,200	51,724	2,312,924	155,191	2,157,733

See accompanying independent auditor's report.

**COLLINS-MAXWELL COMMUNITY SCHOOL DISTRICT**

Notes to Required Supplementary Information - Budgetary Reporting

Year ended June 30, 2007

This budgetary comparison is presented as Required Supplementary Information in accordance with Governmental Accounting Standard Board Statement No. 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary comparisons for the General Fund and each major Special Revenue Fund.

In accordance with the Code of Iowa, the Board of Education annually adopts a budget following required public notice and hearing for all funds, except Private Purpose Trust and Agency Funds. The budget may be amended during the year utilizing similar statutorily prescribed procedures. The District's budget is prepared on a GAAP basis.

Formal and legal budgetary control for the certified budget is based upon four major classes of expenditures known as functions, not by fund. These four functions are instruction, support services, non-instructional programs and other expenditures. Although the budget document presents function expenditures or expenses by fund, the legal level of control is at the aggregated functional level, not by fund. The Code of Iowa also provides that District expenditures in the General Fund may not exceed the amount authorized by the school finance formula.

During the year ended June 30, 2007, expenditures did not exceed the amounts budgeted in any of the four functions. The District did not exceed the General Fund unspent authorized budget.

## Other Supplementary Information

## COLLINS-MAXWELL COMMUNITY SCHOOL DISTRICT

Combining Balance Sheet  
Nonmajor Special Revenue Funds

June 30, 2007

	Management	Student Activity	Physical Plant and Equipment Levy	Total
	\$	\$	\$	\$
<b>Assets</b>				
Cash and pooled investments	99,928	49,637	1,239	150,804
Property tax receivable:				
Current year	1,094	-	1,782	2,876
Succeeding year	60,000	-	104,488	164,488
Other receivables	<u>-</u>	<u>4,424</u>	<u>-</u>	<u>4,424</u>
Total assets	<u>161,022</u>	<u>54,061</u>	<u>107,509</u>	<u>322,592</u>
<b>Liabilities and Fund Balances</b>				
Liabilities:				
Deferred revenue:				
Succeeding year property tax	<u>60,000</u>	<u>-</u>	<u>104,488</u>	<u>164,488</u>
Unreserved fund balances	<u>101,022</u>	<u>54,061</u>	<u>3,021</u>	<u>158,104</u>
Total liabilities and fund balances	<u>161,022</u>	<u>54,061</u>	<u>107,509</u>	<u>322,592</u>

See accompanying independent auditor's report.



## COLLINS-MAXWELL COMMUNITY SCHOOL DISTRICT

Combining Schedule of Revenues, Expenditures  
and Changes in Fund Balances  
Nonmajor Special Revenue Funds

Year ended June 30, 2007

	Management	Student Activity	Physical Plant and Equipment Levy	Total
	\$	\$	\$	\$
Revenues:				
Local sources:				
Local tax	64,815	-	103,154	167,969
Other	2,938	121,258	5,141	129,337
State sources	55	-	85	140
Total revenues	67,808	121,258	108,380	297,446
Expenditures:				
Instruction	29,368	120,952	-	150,320
Support services:				
Plant operation and maintenance	23,162	-	-	23,162
Student transportation	9,333	-	15,100	24,433
Other expenditures:				
Facility acquisition and construction services	-	-	141,004	141,004
Total expenditures	61,863	120,952	156,104	338,919
Excess (deficiency) of revenues over (under) expenditures	5,945	306	(47,724)	(41,473)
Other financing sources(uses):				
Transfer from Capital Projects Fund	-	-	30,000	30,000
	-	-	30,000	30,000
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	5,945	306	(17,724)	(11,473)
Fund balances beginning of year	95,077	53,755	20,745	169,577
Fund balances end of year	101,022	54,061	3,021	158,104

See accompanying independent auditor's report.

## COLLINS-MAXWELL COMMUNITY SCHOOL DISTRICT

## Schedule of Changes in Special Revenue Fund, Student Activity Accounts

Year ended June 30, 2007

Account	Balance Beginning of Year	Revenues	Expenditures	Balance End of Year
	\$	\$	\$	\$
MS Plays	-	136	134	2
Vocal Music	2,084	4,247	5,200	1,131
Instrumental Music	791	1,719	2,441	69
Concert	729	-	25	704
CM Athletics	3,857	247	3,956	148
CMB Athletics	1,281	14,620	15,871	30
JH Track	-	1,205	1,198	7
Boys Basketball	119	-	-	119
Football	-	7,717	7,717	-
Shared Wrestling	356	8,644	3,281	5,719
Wrestling	-	260	254	6
Youth Wrestling	116	-	-	116
Girls Basketball	834	1,607	2,439	2
Volleyball	-	2,237	2,237	-
Soccer	72	2,748	2,212	608
Softball	643	3,281	3,709	215
Girls Track	29	658	392	295
Class of 2008	99	5,544	5,143	500
FFA	3,697	4,019	5,677	2,039
Class of 2009	500	-	-	500
Class of 2007	1,575	-	406	1,169
Class of 2006	535	-	-	535
Post Prom	-	922	922	-
Dance Team	5,298	8,805	10,570	3,533
National Honor Society	26	387	320	93
HS Academic	1,321	-	-	1,321
HS Student Council	2,907	616	2,712	811
Ice Cream	2,112	-	-	2,112
MS Student Council	1,024	13,974	11,468	3,530
JH Softball	-	170	-	170
CHAMPS	1,128	697	1,163	662
Vending	3,591	12,858	11,015	5,434
Yearbook	1,704	3,507	5,211	-
Cheerleader	2,238	2,353	3,253	1,338
Book Fair	264	4,214	4,214	264
Flag	1,536	104	486	1,154
Spanish Club	-	-	-	-
Elementary	3,310	8,177	6,455	5,032
Pepsi	3,079	2,544	-	5,623
JH Basketball	-	1,838	1,288	550
JH Cheerleading	126	88	90	124
Math and Science Club	93	25	118	-
Courtyard	181	-	-	181
Baseball	69	241	241	69
Interest	3,357	823	-	4,180
Scoreboards	3,074	26	(866)	3,966
Total	53,755	121,258	120,952	54,061

See accompanying independent auditor's report.

## COLLINS-MAXWELL COMMUNITY SCHOOL DISTRICT

## Schedule of Changes in Private Purpose Trusts

Year ended June 30, 2007

Account	Balance Beginning of Year (as restated) \$	Revenues \$	Expenditures \$	Balance End of Year \$
Atwood Trust	15,000	548	-	15,548
Robison Educational Opportunity Fund	<u>732,293</u>	<u>47,890</u>	<u>29,359</u>	<u>750,824</u>
Total	<u><u>747,293</u></u>	<u><u>48,438</u></u>	<u><u>29,359</u></u>	<u><u>766,372</u></u>

See accompanying independent auditor's report.

## COLLINS-MAXWELL COMMUNITY SCHOOL DISTRICT

Schedule of Revenues by Source and Expenditures by Function  
All Governmental Funds

For the Last Four Years

	Modified Accrual Basis			
	2007	2006	2005	2004
	\$	\$	\$	\$
Revenues:				
Local sources:				
Local tax	1,968,465	1,822,223	1,886,379	1,749,664
Tuition	126,671	215,461	147,557	122,126
Other	295,368	224,408	197,490	153,445
State sources	2,581,360	2,538,211	2,410,086	2,211,514
Federal sources	110,827	145,682	89,737	121,278
Total	<u>5,082,691</u>	<u>4,945,985</u>	<u>4,731,249</u>	<u>4,358,027</u>
Expenditures:				
Instruction	3,044,761	2,794,039	2,732,563	2,553,271
Support services:				
Student	79,943	50,864	74,809	75,025
Instructional staff	154,064	174,582	271,000	189,210
Administration	473,002	464,577	433,544	458,896
Operation and maintenance of plant	318,243	347,620	387,612	389,323
Transportation	160,463	248,149	133,490	119,164
Non-instructional programs				
Community service and education operations	-	-	-	3,000
Other expenditures:				
Facilities acquisition	141,004	89,446	10,562	44,641
Debt Service				
Principal	255,000	195,000	185,000	175,000
Interest and service charges	80,800	140,483	149,657	157,982
AEA flowthrough	162,388	154,124	148,384	147,670
Total	<u>4,869,668</u>	<u>4,658,884</u>	<u>4,526,621</u>	<u>4,313,182</u>

See accompanying independent auditor's report.

# BRUCE D. FRINK

## Certified Public Accountant

**Independent Auditor's Report on Internal Control  
over Financial Reporting and on Compliance and Other Matters  
Based on an Audit of Financial Statements Performed in Accordance  
with Government Auditing Standards**

**Member:**

- American Institute of Certified Public Accountants
- Iowa Society of Certified Public Accountants

**Services:**

- Individual & Corporate Tax Preparation, Partnerships, Estate & Trust
- Year Round Tax Planning
- Electronic Filing
- Payroll & Sales Tax Preparation
- I.R.S. Representation
- Monthly/Quarterly Write-Up
- Data Processing Services
- Payroll Preparation
- Computerized Financial Statements
- Business/Personal Financial Planning
- Bank Loan Assistance
- Section 105 Medical Plan Administration

**Plus:**

- Over 30 years of Expertise and Experience
- Evenings & Saturdays Available by Appointment
- Extended Hours During Tax Season

To the Board of Education of  
Collins-Maxwell Community School District:

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Collins-Maxwell Community School District as of and for the year ended June 30, 2007, which collectively comprise the District's basic financial statements listed in the table of contents, and have issued our report thereon dated March 18, 2008. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered Collins-Maxwell Community School District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing our opinion on the effectiveness of Collins-Maxwell Community School District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Collins-Maxwell Community School District's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies and other deficiencies we consider to be material weaknesses.

A control deficiency exists when the design or operation of the control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects Collins-Maxwell Community School District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with U.S. generally accepted accounting principles such that there is more than a remote likelihood a misstatement of Collins-Maxwell Community School District's financial statements that is more than inconsequential will not be prevented or detected by Collins-Maxwell Community School District's internal control. We consider the deficiencies in internal control described in Part I of the accompanying Schedule of Findings to be significant deficiencies in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies that results in more than a remote likelihood a material misstatement of the financial statements will not be prevented or detected by Collins-Maxwell Community School District's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, of the significant deficiencies described above, we believe item 07-I-A to be a material weakness.

#### Compliance and Other Matters

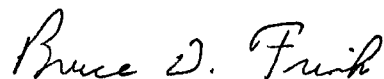
As part of obtaining reasonable assurance about whether Collins-Maxwell Community School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance or other matters that are required to be reported under Government Auditing Standards. However, we noted certain immaterial instances of non-compliance or other matters that are described in Part II of the accompanying Schedule of Findings.

Comments involving statutory and other legal matters about the District's operations for the year ended June 30, 2007 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the District. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

Collins-Maxwell Community School District's responses to findings identified in our audit are described in the accompanying Schedule of Findings. While we have expressed our conclusions on the District's responses, we did not audit Collins-Maxwell Community School District's responses and, accordingly, we express no opinion on them.

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of Collins-Maxwell Community School District and other parties to whom Collins-Maxwell Community School District may report, including federal awarding agencies and pass-through entities. This report is not intended to be and should not be used by anyone other than these specified parties.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of Collins-Maxwell Community School District during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.



**BRUCE D. FRINK**  
**Certified Public Accountant**

March 18, 2008

COLLINS-MAXWELL COMMUNITY SCHOOL DISTRICT

Schedule of Findings

Year ended June 30, 2007

**Part I: Findings Related to the General Purpose Financial Statements:**

**INSTANCES OF NON-COMPLIANCE:**

No matters were reported.

**REPORTABLE CONDITIONS:**

07-I-A      Segregation of Duties - During our review of the internal control structure, the existing procedures are evaluated in order to determine that incompatible duties, from a control standpoint, are not performed by the same employee. This segregation of duties helps to prevent losses from employee error or dishonesty and therefore maximizes the accuracy of the District's financial statements. We noted that one individual has custody of receipts and performs all record-keeping and reconciling functions for the office.

Recommendation - We realize that with a limited number of office employees, segregation of duties is difficult. However, the District should review the operating procedures of the office to obtain the maximum internal control possible under the circumstances.

Response - We will review procedures and investigate available alternatives.

Conclusion - Response acknowledged.

**Part II: Other Findings Related to Required Statutory Reporting:**

07-II-A      Official Depositories - Official depositories have been approved by the District. The maximum deposit amounts approved were not exceeded during the year ended June 30, 2007.

07-II-B      Certified Budget - Expenditures for the year ended June 30, 2007 did not exceed the certified budget amounts in any of the four functions.

07-II-C      Questionable Disbursements - No expenditures that may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979 were noted.

07-II-D      Travel Expense - No expenditures of District money for travel expenses of spouses of District officials or employees were noted. No travel advances to District officials or employees were noted.

07-II-E      Business Transactions - No business transactions between the District and District officials or employees.

07-II-F      Bond Coverage - Surety bond coverage of District officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to insure that the coverage is adequate for current operations.

COLLINS-MAXWELL COMMUNITY SCHOOL DISTRICT

Schedule of Findings

Year ended June 30, 2007

**Part II: Other Findings Related to Required Statutory Reporting:**

**(continued):**

- 07-II-G      Board Minutes - No transactions requiring Board approval which had not been approved by the Board were noted.
- 07-II-H      Certified Enrollment - No variances in the basic enrollment data certified to the Department of Education were noted.
- 07-II-I      Deposits and Investments - No instances of non-compliance with the deposit and investment provisions of Chapter 12B and Chapter 12C of the Code of Iowa and the District's investment policy were noted.
- 07-II-J      Certified Annual Report - The Certified Annual Report was filed with the Department of Education timely and we noted no significant deficiencies in the amounts reported.